United Nations A/53/157

General Assembly

Distr.: General
26 June 1998

Original: English

Fifty-third session
Item 20 (b) of the preliminary list*
Strengthening of the coordination of humanitarian and disaster relief assistance of the United Nations, including special economic assistance: special economic assistance to individual countries or regions

Assistance to Mozambique

Report of the Secretary-General

Contents

		Paragraphs	Page
I.	Introduction	1–6	2
II.	Assistance for reconstruction and development: political and economic context	7–19	2
III.	Structural reforms	20–61	4

* A/53/50.

98-18771 (E) 230798

I. Introduction

1. The present report has been submitted in compliance with General Assembly resolution 51/30 D of 5 December 1996, by which the General Assembly, *inter alia*, requested the Secretary-General, in close cooperation with the Government of Mozambique, to prepare a report on international assistance for the national reconstruction and development of Mozambique for consideration by the Assembly at its fifty-third session.

2. Economic performance has improved dramatically since the conclusion of the peace process which culminated in the multi-party elections in 1994. Significant progress is being made in the extension of essential social services by the Government of Mozambique and the establishment of an operating environment for poverty reduction and sustainable human development. Gross domestic product (GDP) growth was 7.9 per cent in 1997 and has averaged close to 8 per cent in the five years since 1993. The political and economic fundamentals in Mozambique are perceived to be better than at any time since 25 June 1975 when Mozambique became independent.

3. Humanitarian assistance has ended and refugee reintegration programmes have been brought to a conclusion. Development assistance is focused on rehabilitation and extension of essential social services and infrastructure, human capital investment, promoting smallholder agriculture and establishing an enabling environment for the expansion of private activity.

4. Mozambique is one of the 10 poorest countries in the world and was ranked 166 of 175 countries in the human development index compiled by the United Nations Development Programme (UNDP) in its *Human Development Report, 1997*.[1] Dramatic progress has been made but from a low base. Mozambique is well below the sub-Saharan Africa average in most indicators of social development; GDP per capita is roughly US$ 100, child mortality is high (199 per thousand live births), literacy is low (40 per cent) and fertility is high at 6.3. The United Nations Population Fund (UNFPA) estimates that population growth has stabilized at 2.7 per cent per annum but may increase as mortality figures decline. Human resource development is low and skilled labour and entrepreneurial capacity remain weak. Mozambique, classified as one of the world's most indebted countries, has been admitted to the Heavily Indebted Poor Countries (HIPC) Debt Initiative designed to reduce Mozambique's debt to a sustainable level.

5. The establishment of macroeconomic stability, including price and exchange-rate stability, has improved real household income and provided the basis for sustained economic expansion and poverty reducing growth. Poverty reduction is based on human resource development, infrastructural rehabilitation, and creation of an operating environment for private sector development. Foreign investment inflows, actual and planned, are high. Mozambique is experiencing skills gaps and infrastructural bottlenecks which will limit growth linkages and the potential benefit of foreign investment. Mozambique has severe limitations in public sector capacity to deliver essential services and effectively regulate areas of public responsibility – constraints that have become more apparent as the economy has become more complex.

6. Constraints to growth and development include weak public sector capacity, lack of critical infrastructure and low skill levels and human development. Skill gaps will become apparent as sectors of the economy grow. There is a risk that capital-intensive foreign investment will have limited impact on employment growth and poverty reduction. Despite improvement, the ability of the local private sector to take advantage of emerging opportunities remains limited.

II. Assistance for reconstruction and development: political and economic context

Political development

7. Multi-party elections in October 1994 returned the Frente de Libertação de Moçambique (FRELIMO) party to power with a democratically elected President and a majority of seats in Parliament. The division of powers under the 1990 Constitution maintains the separate branches of Government through the executive, legislature and courts. Political opposition, a free press and independent institutions of civil society are respected by the Government. An open and lively interface exists between Government, legislature and the media. The social and political climate has remained stable while nascent civil society groups have proved increasingly assertive and capable in respect of providing needed services and articulating independent interests. Demining operations have continued, the reintegration of demobilized soldiers has been achieved and the pace of economic and social reform and rehabilitation has increased.

Economic and social situation

8. In response to the severe economic decline experienced during the 1980s, the Government introduced in 1987 the Economic Rehabilitation Programme (ERP), a comprehensive stabilization and structural adjustment programme agreed with the World Bank and the International Monetary Fund (IMF), supported by international donors. ERP was designed to address macroeconomic and external disequilibria and make the transition to a well-functioning market economy. Policy reforms included unification of the exchange rate, liberalization of trade and price controls and an extensive privatization programme resulting in the sale of over 900 public companies, thus laying the foundation for a market-based system of resource allocation.

9. The response to the policy reform stimulus was positive, reversing the declining trend and producing sharp increases in production and economic growth. Despite the difficult conditions of civil war, GDP growth averaged 6.8 per cent from 1987 to 1997 and 9.8 per cent from 1987 to 1989. Macroeconomic performance deteriorated again in the early 1990s, under the impact of severe drought and sharp rises in inflation, which averaged 50 per cent between 1991 and 1995. Economic growth rebounded in 1993, increasing by 19 per cent during the first year of the peace agreement and the return of rains. Despite other notable achievements, macroeconomic stability was not re-established until 1996, when inflation was brought under control, declining to 16.6 per cent, and to 5.8 per cent in 1997. Since then economic performance has improved markedly, with the Government meeting or exceeding its major macroeconomic targets in 1996-1997.

10. Since 1994, the pace of policy reform has quickened. Public enterprise restructuring and economic liberalization have been accelerated and the Government is facilitating the entry of the private sector into the provision of goods and services, including transport, electricity, telecommunications and agricultural marketing. The Government's medium-term growth strategy, which it has been following since 1995, is to encourage private sector expansion, reduce macroeconomic imbalances, and promote investment, agricultural growth, infrastructural rehabilitation and human capital development. The Government is committed to reducing red tape and bureaucratic barriers in order to facilitate the expansion of private sector activity.

11. Self-sufficiency in basic foodstuffs, produced almost entirely by the smallholder sector, was achieved in 1996 and 1997. At the same time, the expansion of economic activity, extension of basic social services and macroeconomic stability have had an impact on poverty. The trend towards stronger economic performance is encouraging in terms of achieving an ongoing impact on poverty, reducing macroeconomic imbalances, raising the proportion of internally financed government expenditure and making an impact on Mozambique's overall aid dependency.

Microeconomic trends

12. The trend towards political and economic stability since 1994 has been consolidated and Mozambique is now undergoing rapid economic and social transformation. Large-scale population movements and the reintegration of returnee populations have been brought to a close. A facilitating environment for livelihood activities, agricultural production and the re-establishment of rural trading networks has contributed to conditions for sustained, broad-based poverty-reducing growth. Price stability has arrested the erosion of real wages for urban wage earners experienced during the high inflationary period of 1991–1995. Although poverty is still pervasive, real income gains have been realized at the household level; as many as 58 per cent of all households in Mozambique remain below the absolute poverty line, set in relation to a minimum intake of 2,100 calories per capita per day. According to a 1996 national household income and expenditure survey, the proportion of households below the poverty line has declined substantially since the early 1990s. However, income gains and economic activity have been concentrated in Maputo, the country's capital.

Macroeconomics trends

13. The achievement of macroeconomic stability in 1996 is regarded as a turning point in Mozambique's reform programme, indicating much improved economic management. Inflation was brought down from a five-year average of over 50 per cent in 1991–1995 to 16.6 per cent in 1996, and 5.6 per cent in 1997. GDP growth has accelerated, reaching 6.4 per cent in 1996 and 7.9 per cent in 1997. A consensus now exists within the World Bank and IMF that Mozambique is on a trend towards high growth and low inflation.

14. The dynamism of the private sector is increasing and the supply response across a range of sectors has been strong. Output increased by 8 per cent in 1997 with manufacturing up 18 per cent, transport 10 per cent and agriculture 5.9 per cent. Mozambique has been successful in attracting increased investment interest, the total amount of which proposed or under study now totals an estimated US$ 10 billion in mega-projects across a wide range of

sectors, including manufacturing, industry, transport, agriculture, energy and tourism. This includes a high percentage of total foreign direct investment for all of sub-Saharan Africa and it will exert a major impact on Mozambique's still tiny economy. Construction of a US$ 1.2 billion aluminium project in Maputo is to begin in 1998.

15. The national currency has stabilized, depreciating by 1.5 per cent against the United States dollar in 1997, which resulted in a real appreciation of 3 per cent. Credit growth has been strong. By paying down its debt to the domestic banking system, the Government has contributed to the expansion of credit to the private sector. The real cost of credit remains high, although it is now declining as interest rates have begun to fall in line with the prevailing lower level of inflation. The efficiency of financial intermediation has improved, facilitated by the entry of new financial institutions and the privatization of the two former state banks.

16. The strengthening of fiscal revenue is a priority in order to raise government expenditure and reduce the percentage of the state budget funded by external sources. In 1997, the customs service was turned over to private management for a three-year period so as to modernize administration and improve revenue collection. Fiscal receipts increased by 21 per cent in 1997, of which 69 per cent was accounted for by improved efficiency in collection and 31 per cent by increased economic activity.

17. The Government has continued to increase social sector expenditure in real terms and as a percentage of the budget, in line with the framework agreed with the international financial institutions. Total expenditure on education and health increased from 4.6 per cent of GDP in 1996 to 5.4 per cent in 1997. In proportion to total government expenditure and net lending, it rose slightly from 13.3 per cent to 13.4 per cent, after having reached a mere 9.1 per cent in 1994. In 1997, the total number of schools expanded by 12 per cent while during the period 1995–1997 the percentage of children of school age receiving primary education rose from 56 per cent to 66 per cent.

18. The external sector continued to show improvement in 1997. Exports increased by 3.7 per cent to US$ 234 million. Although the cashew sector contracted, other sectors, including non-traditional exports, improved by 14 per cent. Imports fell to US$ 775 million, partly due to import substitution, and the current account deficit fell from US$ 642 million to US$ 614 million. Mozambique has been admitted to the HIPC debt relief initiative. At HIPC completion point in June 1999, when formal cancellation is to take place, Mozambique's total debt stock in net present value terms is to fall from over US$ 7 billion to US$ 1.1 billion. Under HIPC, Mozambique's debt stock-to-export ratio is expected to be reduced from 466 to 200 per cent.

19. The outlook for 1998 is that Mozambique will continue the trend towards strengthening economic performance. Growth is projected at 9.5 per cent on the back of macroeconomic stability, market reform and healthy foreign direct investment. Non-energy GDP growth from 1998–2005 is projected at 6.5 per cent, which rises to 9.5 per cent if energy and industrial mega-projects are included. Agricultural production is expected to be robust and may exceed the record harvest of 1997 owing to the fact that the drought related to the El Niño phenomenon has been averted, and abundant rains were brought instead. The confidence of international donors in the Government's economic management is high and continuity with economic policy is expected.

III. Structural reforms

20. Mozambique is in the midst of far-reaching structural economic reforms. Privatization, liberalization and deregulation have rapidly transformed Mozambique from a state to a private sector-dominated economy. Simultaneously, public service delivery from the overstretched state sector is being mobilized to meet the needs of post-war reconstruction and rehabilitation. Progress is being made in the social sector in developing policy and establishing strategic and investment frameworks for the education health, water, youth and adolescence, and social welfare sectors. Recent developments concerning the most salient reform initiatives are highlighted below.

Health policy

21. The Government's health policy objective is to promote and improve the health of all Mozambicans, paying particular attention to children, women and vulnerable groups. The health strategy targets an increase in health coverage from 40 per cent of the population currently to 60 per cent by the year 2000 through improvements in health service coverage and quality, a shift of resources towards the rural areas and a continued emphasis on basic primary health care.

Education policy

22. The Government's education sector policy objectives are to ensure universal access to primary education for all

children by the year 2006. The government plan has the major objective of expanding access to and improving the quality of education as well as strengthening management. The education sector plan prioritizes girl child education, provinces with the lowest coverage, increased community involvement in school management, teacher training, and improving school management and supervision.

Water policy

23. Government goals in the water sector are to increase access to safe water supply in the rural areas to 40 per cent by the year 2000 and in urban and peri-urban areas to between 50 and 80 per cent by 2002. The Government plans to decentralize decision-making to the local level, transforming Government's role from service provider to facilitator and regulator.

Youth/children

24. Children and youths in "especially difficult circumstances" constitute a specific, identifiable group in Mozambique including street children, ex-child soldiers, the disabled and the handicapped. With the new Constitution of 1990 and the ratification of the Convention on the Rights of the Child in 1994,[2] the Government has committed to protecting the rights of children. The Ministry for the Coordination of Social Action, which has responsibility for the rights of children, underwent a major reorganization in 1996–1997. In 1997, the Ministry of Culture, Youth and Sports also launched a Plan of Action for Youth.

Agricultural policy

25. Government policy and priorities for the agricultural sector are directed towards increasing production and returns to smallholder farmers through rehabilitation of feeder roads, restoration of rural marketing networks, strengthening of land tenure and provision of essential services, such as rural water and primary health care. A new land law was enacted in 1997 strengthening smallholders' land tenancy rights. The Government is lifting marketing regulations that act as an entry barrier to agricultural trading activities. Minimum producer prices, which were eliminated for food crops (1996) and cash crops (1997), have been replaced by reference prices. In addition, licensing requirements for agricultural traders are to be simplified.

26. The Government is in the final stages of approval of a coordination and investment programme for the agricultural sector (PROAGRI), which has been developed together with international donors. The major components of the programme will include institutional development, research, extension, inputs and early warning systems.

Human development and poverty alleviation

27. The Government is committed to increasing the budgetary allocations to the social sectors, notably education and health. The Government's poverty reduction strategy is based on (a) improvement in rural livelihoods through investment in rural economic infrastructure, maximizing competition in agricultural markets, and lowering operating costs and improving rural/urban terms of trade, (b) investment in human capital, via increased per capita expenditure on basic social services and (c) building disaster and social safety nets to reduce the vulnerability of the rural and urban poor.

28. The Government currently runs a targeted urban income support programme for vulnerable families and is planning a rural safety net programme pending the results of a national poverty assessment exercise which is to be prepared in 1998, based on the results of the 1996 national household income and expenditure survey. On this basis, the Department for Population and Social Development in the Ministry of Finance is to prepare a national poverty action programme in 1998. A review of social safety nets was undertaken in 1997, responsibility for which is to be taken over by the Institute for Social Action.

Environmental policy

29. The Government is implementing the National Environment Management Plan, approved in 1995. Significant grant funding has been provided to the newly formed Ministry of Environment (which gained ministerial status in 1995) for capacity-building initiatives. The Ministry is in the process of developing stronger capacity for reviewing the foreign investment environmental impact assessments.

Tax system and customs reform

30. The Government has reformed the tax structure, reducing overall rates while widening coverage through improved efficiency in collection. The import tariff structure has been revised and simplified in consultation with the private sector, and tariffs have been reduced for raw materials, capital and intermediate goods. A value-added tax (VAT) law was passed by Parliament and is to be implemented in early 1999. A three-year private management contract for the customs service was signed in 1997 with the British company Crown Agents.

Banking sector reform

31. The Banking sector has undergone significant change. The two state banks – Banco Comercial de Mozambique (Commercial Bank of Mozambique) and Banco Popular de Desenvolvimento (Peoples Development Bank) – were sold to private investors in 1996 and 1997 respectively. The liberalization of the sector has facilitated the entry of new financial institutions, which have increased competition and expanded the range of services. The efficiency of financial intermediation is increasing, and as a result borrowing costs are slowly being lowered and deposit rates are being raised. Credit expansion to the private sector has been strong, although within programme limits. The Bank of Mozambique is in the process of moving from direct controls, particularly credit ceilings, to indirect instruments of monetary policy such as a more effective use of compulsory reserves, the rediscount rate and a money market.

Private sector reform

32. In order to create an enabling environment for private sector development, the Government is committed to reducing legal and bureaucratic impediments to business by simplifying licensing and investment procedures. A new, updated commercial code is to be prepared in 1998.

Public enterprise restructuring

33. The privatization of state companies has progressed, resulting in the sale of over 900 companies in one of the most rapid and successful programmes in Africa. Privatization has helped stimulate a large increase in production, particularly in the manufacturing sector, whose output rose by 14 per cent per annum between 1995–1997. According to a study carried out by the Government's Technical Unit for Enterprise Restructuring, the impact of the programme has been positive, with privatized companies shown to have raised production, increased salaries, stabilized employment and increased tax contributions to the State.

Transport sector

34. The aim of government policy for the transport sector has been to promote internal trade and the movement of people and goods through the rehabilitation of the road network and the liberalization of the coastal shipping sector, where three companies are now providing services. The major east-west rail transport corridors from Maputo, Beira and Nacala to the countries of the southern African interior, which have been undergoing donor-supported investment and rehabilitation for several years, will promote economic growth and integration in the region. Private sector involvement in the corridors is being facilitated through private management concession contracts for the ports and railways company (CFM). Contracts are expected to be signed for Maputo in mid-1998 and Beira and Nacala by year-end. The corridors are also expected to act as growth poles and a major initiative, the Maputo Development Corridor, was launched in 1996. The initiative includes the construction of a privately funded and operated toll road to Maputo from the South African industrial heartland around Johannesburg, under the build-operate-transfer method, and the promotion of industrial investment in the corridor area. A similar development corridor is to be launched for Beira in the first quarter of 1998. Transit traffic has the potential to become a major foreign exchange earner.

Energy sector

35. Substantial investment is proceeding in the energy sector, which will have a positive impact on Mozambique's economy. Rehabilitation of the transmission lines from the Cahora Bassa hydroelectric dam to South Africa and Zimbabwe was completed in late 1997, although exports to South Africa have yet to start owing to a contractual dispute. Construction of a second hydroelectric dam on the Zambezi River downstream from Cahora Bassa is proposed as an eventual energy source for the Mozal aluminium smelter in Maputo. Development of the Pande gas field and construction of a pipeline to Maputo are expected to take place as part of the development of the Maputo iron and steel project. A total of 10 multinational companies are undertaking oil and gas exploration in Gaza, Inhambane, Sofala, Zambezia and Cabo Delgado provinces.

Public sector reform, decentralization and governance

36. The Government has launched a major programme of reforming the public sector aimed at improving the capacity for efficient service delivery, devolving administrative power from the centre and increasing democratic participation in local government. Key elements of the programme are delegation of authority for human resource management to the provincial level, an overhaul of the career structure, and reform of salaries in order to attract and retain qualified staff. The first decompression of salaries took place in April 1998 changing the ratio of highest to lowest salaries from 1 to 9 to 1 to 13 while a second decompression will take place in April 1999. Legislation was passed in 1997 mandating the creation of a second tier of elected and

autonomous government at the municipal level. Elections for 33 municipalities are to be held on 30 June 1998.

37. Legislation governing a code of ethics for public servants was passed by Parliament in 1998. Plans for a Higher Authority against Corruption have not been realized and the Government has instead committed itself to strengthening existing bodies charged with protecting the public interest, such as the Tribunal Administrativo (Administrative Tribunal) in the Ministry of Justice. Other elements in the effort to improve governance include strengthening of the judicial system and reform of the civil police. A United Nations-assisted programme to strengthen the functions and efficiency of the police began in 1997 and one for the judiciary is to start in 1998.

External aid

38. The primary channel for coordination of foreign aid is through the forum of the annual Consultative Group (CG) meetings, led by the World Bank, which serve to enhance policy dialogue between the Government and the donor community. The CG meetings allow donors and the Government to make joint reviews of the Government's development policies and strategies, with special emphasis on economic reform. These meetings devote particular attention to the assessment of the overall financial support required by Mozambique to implement and sustain its structural adjustment, reconstruction and development strategies, thereby helping to identify the targets of external resource flows.

39. Mozambique is still one of the most aid-dependent countries in the world. Foreign aid amounted to more than 72 per cent of GDP in 1996 – twice the Sub-Saharan Africa average. External aid in the form of grants and concessional loans financed 61 per cent of total government expenditure. As in previous years, current expenditures were more than fully covered by current revenues.

40. At the 1997 CG, the Government of Mozambique continued to receive a favourable reception from the international community. Pledges for external financing requirements, excluding debt, by multilateral and bilateral donors amounted to US$ 595 million in the form of grants, credits to finance investment projects and services and import support and food aid. The share of food aid has declined reflecting the end to the emergency period, strong recovery in agricultural production and normal weather conditions.

41. Measures are now being taken to integrate donor projects and funds in the budgetary process so as to enhance government-donor coordination and improve the transparency, coverage and effectiveness of the budget. The tendency for a gradual shift from project to sector programme financing among donors will reduce the number of off-budget projects and enhance the Government's investment management capacity.

42. The major themes discussed during the 1997 CG meeting were divided into four main categories: agriculture and rural development, private sector development, capacity-building, and the future of the relationship between Mozambique and its external partners. The role of smallholder agriculture as the main source of growth and poverty alleviation for Mozambique was emphasized and the importance of the private sector for sustaining high growth rates stressed. The maintenance of macroeconomic stability, the development of physical infrastructure, the provision of a friendly legal environment and the elimination of red tape were all considered to be critical elements in a successful private sector development strategy. Discussions on capacity-building included issues such as the programmed public sector reform, decentralization, anti-corruption legislation and gender. Finally, the need to reduce aid dependency through increased fiscal revenue, improved expenditure management and debt alleviation was stressed. The 1998 CG meeting, which for the first time will be held in Maputo, is expected to consolidate the policy debate on the major medium-term development issues.

Initiatives in aid coordination

43. At country level, the Government and its partners coordinate on sectoral and thematic issues through a series of working groups. The working groups serve as forums for inter-agency coordination and information sharing relating to the implementation of specific sector-wide programmes.

44. Coordination and cooperation within the donor community have improved significantly. UNDP has adopted a leading role in donor coordination, organizing or chairing working groups open to bilateral and multilateral donor representatives. These groups enhance the effectiveness of inter-agency coordination as well as simplify the task of the Government in dealing with multiple foreign partners. Donor coordination groups exist for demining, elections, police, water, roads, parliament, health, education, agriculture and gender. Overall guidance for the sectoral working groups is provided by a monthly meeting of heads of mission which

is chaired by UNDP and the World Bank and called the Development Partners Group.

Main United Nations system initiatives

45. In order to implement the Secretary General's directives for United Nations reform, the agencies of the United Nations system in Mozambique have implemented a series of measures to increase inter-agency programme planning and coordination in support of the Government's development goals. Under the umbrella of the United Nations System-wide Special Initiative on Africa, a United Nations common country assessment (CCA) was completed in May 1997 after a series of meetings and consultations with the Government and other development partners. The CCA identifies the most salient areas of development needs based on the Mozambique Government's country strategy note (CSN) completed in 1995 with technical assistance from and under the coordination of the United Nations resident coordinator.

46. As a result of the CCA process, the Country Management Team (CMT) was able to identify 11 common areas of development assistance, directly responding to Mozambique's development priorities. These are (a) population, (b) health, (c) water and sanitation, (d) education, (e) agriculture, fisheries and forestry, (f) food security and nutrition, (g) gender and development, (h) environment, (i) governance, (j) media and social communication and (k) human immunodeficiency virus/acquired immunodeficiency syndrome (HIV/AIDS).

47. The areas of development needs identified by the CCA have contributed a first step towards the consolidation and rationalization of United Nations development assistance through the United Nations Development Assistance Framework (UNDAF) process involving the representatives of all agencies. This has included the consolidation of country-level initiatives through the United Nations resident coordinator system under which the UNDP resident representative also serves as the United Nations system resident coordinator.

48. The formulation of a common development cooperation framework, namely UNDAF, was initiated in August 1997 with Mozambique as one of 11 countries in which the process was to be piloted in order to establish modified guidelines and lessons learned, about which other country offices would be informed, for the purpose of worldwide implementation in 1998. UNDAF planning began in September 1997 in coordination with United Nations heads of organizations and in consultation with the Ministry of Foreign Affairs and development partners who were informed of the need and directives for United Nations reform. UNDAF facilitators from New York assisted the Country Management Team during their visit to Maputo in December 1997. The Country Management Team was formed by United Nations heads of organizations including UNDP, the Food and Agriculture Organization of the United Nations (FAO), the United Nations Educational, Scientific and Cultural Organization (UNESCO), UNFPA, the Office of the United Nations High Commissioner for Refugees (UNHCR), the United Nations Children's Fund (UNICEF), the World Food Programme (WFP), and the World Health Organization (WHO). Representatives of the World Bank and IMF participate in the CMT on issues of mutual interest and concern. Those United Nations institutions with no country representative are linked to the CMT through the United Nations resident coordinator. The United Nations resident coordinator and the Country Management Team are supported by a coordination secretariat responsible for facilitating the work of the resident coordinator system and assisting the Country Management Team.

49. As a result of consultations, the CMT reached consensus on United Nations strategic objectives and areas of cooperation that responded to Mozambique's development needs; the constitution of theme groups and standing committees so as to make the UNDAF operational; and a series of United Nations workshops for staff, Government and development partners to ensure that the processes initiated by the CMT could be implemented and that an enhanced culture of cooperation and coordination among all organizations and partners would be embraced. Coordinating organizations for theme groups and standing committees met separately to construct 1998 work plans which were presented, reviewed and approved by the CMT.

50. The CMT has consolidated its efforts by formulating three United Nations strategic objectives and 11 corresponding areas of United Nations cooperation which will inform the 1998–2001 programming cycle. Theme groups (each coordinated by a United Nations organization) have been established as mechanisms for enhanced United Nations collaboration within each cooperation area as given below:

(a) Strategic objective one: increasing access to and quality of basic social services, infrastructures and employment. Corresponding theme groups: education (UNESCO), health (WHO), water and sanitation (UNICEF);

(b) Strategic objective two: fostering an enabling environment and a culture of peace. Corresponding theme groups: governance (UNDP), HIV/AIDS (Joint and Co-

sponsored Programme on HIV/AIDS), gender United Nations Development Fund for Women (UNIFEM), special needs of youth and adolescents (UNFPA);

(c) Strategic objective three: promoting the sustainable management of natural resources. Corresponding theme groups: natural resource management (UNDP), disaster management (WFP), food security (FAO).

51. The CMT has also formed three inter-agency coordination standing committees which specifically seek to enhance United Nations system performance. These are:

(a) United Nations administration and operations (coordinated by UNDP);

(b) United Nations information, monitoring and evaluation (coordinated by UNICEF);

(c) United Nations staff development (coordinated by WFP).

52. UNDAF is a dynamic and operational planning tool which enables the United Nations system to better serve the Government of Mozambique by enhancing inter-agency coordination thereby facilitating collaborative efforts with government, donor and non-governmental organization partners. UNDAF aims to coordinate programming, consolidate information, utilize a joint resource framework and resolve problems related to common administrative and operational issues.

53. The 1997 work plan of the resident coordinator system sought to realize the cooperation and coordination objectives as detailed in UNDAF for Mozambique. The coordination framework should, in the mid to long term, streamline United Nations system activities, simplify mechanisms for cooperation, and harmonize United Nations development assistance. Time and effort will be necessary to ensure that UNDAF is viable, dynamic and proactive in promoting a culture of cooperation among all partners. The CMT will strengthen the office of the resident coordinator system in order to achieve the five main objectives for the management and coordination functions of the United Nations system for 1998.

UNDP

54. The country cooperation framework (CCF), which presents the priorities and strategies for UNDP's cooperation with the Government of Mozambique in pursuit of national development goals, was presented by the Government in September 1997. It covers the period 1998–2001 and reflects the harmonization of programming cycles with those of the three other Joint Consultative Group on Policy (JCGP) members, UNICEF, UNFPA and WFP. Activities during the CCF period will build on achievements produced during the fourth country programme (1993–1997), reflecting the shift in national priorities from a focus on humanitarian assistance to recovery, rehabilitation and longer-term development. During the last two years of the cycle, UNDP helped manage the delivery of approximately $176 million in development assistance, of which $62 million represented core resources. A substantial part of the core resources targeted policy formulation and the preparation of sectoral and strategic frameworks, among them being the Master Plan for the Fisheries Sector, and the National Environment Management Programme. It also contributed to preparatory work on five-year development strategies for the agriculture sector (PROAGRI) and the education sector. Work was started on demining through the successful mobilization of resources for the Accelerated Demining Programme. In addition, new partnerships were forged with donors which allowed for a more integrated approach to mine clearance, through the testing of mechanical demining. Support to governance activities commenced with UNDP's managing the complex donor-supported project for the national elections and obtaining approval for projects supporting police reform and the strengthening of an independent media. In addition, the special programme to support the rehabilitation of over 90,0000 demobilized soldiers, the Reintegration Support Scheme, came to a successful close, bolstered by findings of an independent survey of the recipients which confirmed that the programme had achieved its objectives for over 90 per cent of the beneficiaries. The year 1997 saw the expansion of activities of UNDP in the governance area, as Government and donor partners approved its lead role in managing projects to strengthen governance institutions such as the Parliament and the judiciary, as well as civil organizations, and activities on administrative reform and support to public sector reform efforts. A major project to support the goals of the National Environment Management Plan was approved under cost-sharing with the Netherlands, in the amount of an estimated $19 million. In the same vein of leveraging UNDP resources to develop partnerships with other donors, agreement was finalized on the large-scale Italian-funded programme for human development at the local level (PDHL) in the context of follow-up of the Copenhagen World Summit for Social Development. UNDP's strategy under the CCF foresees that its interventions will fall into any one of three categories: policy development within selected priority areas, policy implementation by supporting capacity-building for programme development and management, and financing pilot experimental activities that promote sustainable livelihoods and advance community involvement in development activities. Efforts will be made to pursue "smart

partnerships" with traditional and new actors, with special attention to non-governmental organizations and the private sector, and with the beneficiaries in planned activities. The implementation of activities foreseen within the newly approved UNDAF will also offer opportunities for greater synergies with the programmes of other United Nations organizations, which also have the longer-term goals of promoting capacity-building, creating in the process greater national ownership for the programmes being supported.

UNHCR

55. With the successful completion of the repatriation programme in 1996, the work of UNHCR has largely focused on providing protection and assistance to the refugees coming to Mozambique from other areas of Africa. Mozambique currently accommodates on average 600,000 refugees and asylum-seekers. UNHCR works closely with the Government to ensure that asylum-seekers receive a fair adjudication of their application for refugee status and to limit the amount of irregular movement within the region. In addition, refugees in Mozambique are provided with shelter, food and non-food items based upon their needs. UNHCR has also begun to implement, through a non-governmental organization and the Government, a policy of self-reliance and local integration for the refugees in the country. Within UNDAF, UNHCR is active in governance (police and judiciary training, promotion of human rights training and culture of peace), emergency response training, and sustainable livelihood themes while offering assistance in the AIDS and gender working groups.

UNESCO

56. During 1997, UNESCO increased its operational activities in the areas of education, youth, communication, culture and culture of peace. In the area of education, UNESCO supported and implemented activities in special education, teacher training, low-cost school construction and literacy. The first preparatory steps were taken towards curriculum transformation in primary education. In the area of youth, activities were supported and implemented aiming at enhancing employment opportunities of youngsters through post-literacy and numeracy training, vocational training and capacity-building. Furthermore, UNESCO implemented activities aiming at raising youth awareness in respect of the need for environment preservation and protection, AIDS prevention and the dangers of alcohol and drug abuse. In the area of culture, the action plan for the safeguarding of the World Heritage site Mozambique island has been initiated with the preparation of rehabilitation and community activity projects to be submitted to donors. UNESCO launched a culture of peace programme in Mozambique in 1994 involving both sides of the conflict and organizations from the civil society in peace-building activities. The programme gives focus to education for peace, human rights and democracy issues. An important event under this programme was the realization of the international conference on peace and good governance (September 1998). In the field of communication development, UNESCO is assisting the Government of Mozambique in the implementation of a project aimed at strengthening democracy through the creation of printed media as well as community or local radio stations in the central and northern provinces of the country.

WHO

57. Much attention and effort was directed towards the health sector reform (HSR) process in 1997. WHO advocated strongly for the cause of HSR with all interested partners and provided technical support to the Ministry of Health. The main areas being addressed by the health sector reform are policy and planning development, the health sector financing strategy and decentralization. As part of the general capacity-building initiative (human resource development), a number of fellowships were given to assist in the development of health staff at national and provincial levels. Also of importance this year was the technical support given to disease prevention and control, in particular with regards to the malaria, tuberculosis and leprosy programmes. The poliomyelitis eradication initiative received much attention, and technical and financial support was provided for the realization of national immunization days. WHO also played a critical role in the control of the cholera and meningitis epidemics. The primary health care programme covered the important thematic areas of maternal and child care, family planning and adolescent health.

WFP

58. During 1997, WFP prepared and approved a country programme (CP) for Mozambique. WFP's new strategic focus is "food security for the hungry poor", implementing activities through partners with a people-centred approach, thus moving away from the former emergency response-centred approach. Over the four-year life of the CP (1998 to 2001), WFP will help 1.2 million people, distributing 113,000 tons of food and other non-food assistance totalling US$ 60.8 million. Thematic activities will include disaster preparedness, emergency mitigation and response, vulnerability assessment, reconstruction of socio-economic infrastructure through food and cash for work, and assistance to vulnerable groups as well as to education and health. WFP

plans to execute these activities in close partnership with the Mozambican Government, non-governmental organizations and sister United Nations organizations. In the light of a possible El Niño drought event, in late 1997 WFP led a drought contingency planning process for the southern Africa region, coordinating ongoing assessment and information-sharing with Governments, donors, non-governmental organizations, other United Nations organizations and the private sector. Also in 1997, within the context of UNDAF, WFP was designated as the coordinating agency for the UNDAF theme groups on disaster management and staff development as well as for the sub-group on telecommunications and information technology.

FAO

59. FAO has been actively working to contribute to food security in Mozambique through fostering sustainable production, promoting the interests of vulnerable groups and the family sector by improving agricultural productivity, market management, utilization of natural resources and improving institutional capacity. FAO has supported the development of the agricultural public sector investment programme (PROAGRI) and is backing sectoral programmes for food production, a national strategy on food security and nutrition, a fisheries master plan, and a national land programme. FAO is also supporting programmes in food security, plant and animal disease and pest control, and natural resource management.

UNFPA

60. UNFPA has been assisting Mozambique in identifying and addressing its population concerns within the context of efforts aimed at enhancing socio-economic and human development since 1979. The past programme of assistance covered the period from 1995 to 1997. Several projects are being implemented in the country, notably in the area of reproductive health whereby UNFPA has established itself as an important and leading donor. The Zambezian population programme (ZPP) was developed and implemented with projects interlinked at the provincial and central levels. The ZPP constitutes the first trial decentralization of population activities, attempting to incorporate demographic variables into sectoral plans and programmes. Major constraints and challenges relate to absorptive capacity and availability of qualified human resources.

UNICEF

61. The goal of the current programme of cooperation between the Government and UNICEF, 1994–1998, was directed towards achieving goals of the World Summit for Children by providing and mobilizing support to basic needs fulfilment as well as the broader agenda of child development and protection. The programme, national in focus with specific area-based rural development programmes in three provinces, included the following strategies: improving coverage and delivery of social services in the health, education, and water sectors; building capacity in these sectors; addressing issues of children in especially difficult circumstances; emergency and disaster preparedness, information/communication, social planning; and empowerment of target groups. The country programme has undergone changes reflecting the transition from emergency through rehabilitation to development. The number of programmes and projects were reduced; some new projects were introduced (for example, construction and rehabilitation of social infrastructure and support to girls' education); other projects were reformulated (for example, peace education); and still others combined to facilitate management and increase their impact. The ratification of the Convention on the Rights of Children[2] by the Government in April 1994 provided the impetus for a shift towards a rights-based approach. The development of the next programme of cooperation with the Government (1999–2001) was started in 1997; it extends over a shorter period, in order to harmonize the programme cycle of UNICEF with that of the other JCGP organizations in Mozambique. UNICEF's support during 1999–2001 will be provided through five programmes: child rights mobilization and protection; health and nutrition; basic education; water, sanitation and hygiene promotion; and country programme support. The country programme strategy has been agreed upon with the Government, with finalization and approval expected in May, and submission to the Executive Board of UNICEF in September 1998. The United Nations theme groups have been used to facilitate communications with sister agencies and to explore opportunities for closer and more effective United Nations collaboration. Substantial progress has been made in collaborating with other United Nations organizations in the areas of HIV/AIDS, landmine awareness, maternal mortality, disaster preparedness and gender, as well as sharing of facilities in Zambezia and Maputo.

Notes

[1] New York, Oxford University Press, 1997.

[2] General Assembly resolution 44/25, annex.